

ORIGINAL
OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
SANDRA D. KENNEDY
PAUL NEWMAN
BOB STUMP
BRENDA BURNS

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2011 SEP 22 A 10:49

AZ CORP COMMISSION
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Arizona Corporation Commission

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SEP 22 2011

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APPLICATION OF LITTLE PARK WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO
INCUR LONG-TERM DEBT FROM JP
MORGAN CHASE & CO.

DOCKET NO. W-02192A-10-0395

EXCEPTION

1 Little Park Water Company, Inc. ("Little Park") hereby takes an exception to the
2 September 13, 2011, Recommended Opinion and Order ("ROO") in the above-captioned docket.

3 The purpose of Little Park's requested borrowing is to provide long-term funding for
4 Little Park's arsenic-remediation project. Based on the total costs known at the time of the
5 application, Little Park requested approval to borrow \$140,000, calculated as follows:¹

Project Cost	\$267,091.11	
Hook-up Fee's Collected	\$85,853.42	
Balance To Finance		\$181,237.69
Owner's Equity		\$41,237.69
Long-Term Debt		\$140,000.00

6 The arsenic-remediation facilities were begun in 2008. Little Park expected to receive a
7 hook-up fee of \$118,000 from Camp Soaring Eagle, so it borrowed \$118,000 from its corporate
8 parent (Big Park Water Company) as partial construction funding, to be repaid by the expected
9 hook-up fee. Unfortunately, the Camp Soaring Eagle development was abandoned, which forced
10 Little Park to seek alternative long-term financing. The borrowing will allow Little Park to repay

¹ See Exhibit A to Financing Application.

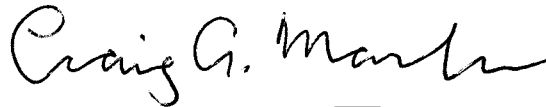
1 the short-term note to Big Park, and to fund an additional \$22,000 in project costs that have so-
2 far been funded through cash flows.

3 Unfortunately, the ROO recommended that the Commission approve only \$118,000 of
4 the \$140,000 loan approval requested by Little Park. This would require that Little Park
5 continue to fund \$22,000 in capital costs through cash flows.

6 If Little Park is forced to continue to fund the remaining capital expenses through cash
7 flows, this would leave fewer funds available for operation and maintenance expense, a result not
8 in the public interest.

9 Little Park has a commitment from a lender to loan the full \$140,000. Little Park asks
10 the Commission to amend the ROO to provide approval for this amount. A suggested
11 amendment to this effect is attached as Exhibit A.

12 Respectfully submitted on September 22, 2011 by:

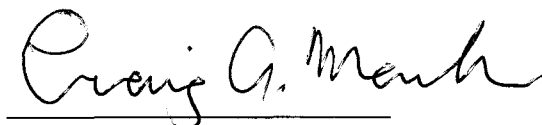
13 
14 _____

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25 **Original** and 13 copies filed
26 on September 22, 2011, with:

27
28 Docket Control
29 Arizona Corporation Commission
30 1200 West Washington
31 Phoenix, Arizona 85007
32

33
34
35 By:

36 

Craig A. Marks

Little Park Water Company Suggested Amendment

Page 15, lines 7-10

DELETE:

Thus, rather than denying approval of the Chase loan, as recommended by Staff, we will approve the Chase loan, but only in the amount of \$118,000, the original amount of the Big Park loan. Little Park has not established that the additional \$22,000 in long-term debt requested is necessary or appropriate, and we find that it is not.

INSERT:

Thus, rather than denying approval of the Chase loan, as recommended by Staff, we will approve the requested financing request in the amount of \$140,000.

Page 16, line 17

DELETE:

“With the modifications set forth in Findings of Fact No. 37,

Page 16, lines 23-28

DELETE:

IT IS THEREFORE ORDERED that Little Park Water Company, Inc. is hereby authorized to incur long-term debt, in the form of a 7-year loan based on a 20-year amortizing schedule in an amount not to exceed \$118,000, at an interest rate not to exceed 7 percent, for the purpose of refinancing the existing outstanding balance, and reimbursing Little Park Water Company, Inc. for any previously repaid principal, of the \$118,000 loan obtained from Big Park Water Company, Inc., in August 2008.

INSERT:

IT IS THEREFORE ORDERED that Little Park Water Company, Inc. is hereby authorized to incur long-term debt, in the form of a 7-year loan based on a 20-year amortizing schedule in an amount not to exceed \$140,000, at an interest rate not to exceed 7 percent, for the purpose of financing the existing arsenic-treatment facilities, and reimbursing Little Park Water Company, Inc. for any previously repaid principal of the \$118,000 loan obtained from Big Park Water Company, Inc., in August 2008.